United Nations SSC/19/1

South-South cooperation for development

Distr.: General
21 March 2016

Original: English

High-level Committee on South-South Cooperation
Nineteenth session
New York, 16-19 May 2016
Item 2 of the provisional agenda*

Review of progress made in implementing the Buenos Aires Plan of Action, the new directions strategy for South-South cooperation and the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation

Summary

The present report reviews the progress of South-South cooperation during the period 2014-2015 within the framework set by the 1978 Buenos Aires Plan of Action, the 1995 new directions strategy for South-South cooperation and the Nairobi outcome document adopted in 2009 by the High-level United Nations Conference on South-South Cooperation. It looks at important initiatives and achievements of developing countries, support for South-South cooperation from developed countries through triangular cooperation, and the roles of the United Nations system, civil society and the private sector.

* SSC/19/L.2.

16-04465 (E) 080416

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I. Introduction

1. South-South cooperation made a notable impact on development assistance, trade and investment, infrastructure development and remittances during the reporting period despite the slowdown in economic growth in major emerging economies. The most recent estimate of the value of annual South-South cooperation for development is $20 billion (see A/70/311, para. 9). That figure does not capture the importance of South-South collective negotiation and knowledge-sharing activities that were central to three important policy processes during the review period: setting a 15-year global agenda for sustainable development, indicating the means of financing it, and agreeing how to limit the atmospheric warming that contributes to climate change. Diverse stakeholders participated in each process from the subregional to the global level, laying the foundation for several different international agreements that are related. The first will frame national action to 2030 on 17 major development goals and 169 targets; the second underlines how that agenda is to be financed; and the third aims to restrict the net atmospheric impact to a minimum.

2. Similar South-South cooperation processes shaped developing-country responses to, inter alia, infrastructure deficits, access to affordable medicines, regional threats to peace and security, trade and investment issues, and the challenges of creating a global information society. Overall, South-South cooperation has engaged diverse countries and 10 subgroups within the Group of 77, while making space for sovereign choice. The results have been impressive. In Africa, unprecedented intraregional trade and investment flows reflect the emergence of patterns of growth driven by domestic consumption and structural reforms. In Asia, the majority of countries continue to grow at a steady pace and, despite slowing growth in China, important structural and infrastructural initiatives are opening up enormous potential in the region. A decade of rapid growth in Latin America has created a middle class that, for the first time in history, outnumbers the poor.[1] The South-South cooperation underpinning those achievements has received growing support from developed countries, the United Nations system, civil society and the private sector.

3. All of the above is a direct or indirect legacy of implementing the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Development Countries, as reoriented by the 1995 new directions strategy and then by the 2009 Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation.

4. The present report provides an illustrative rather than exhaustive overview of the major developments in South-South cooperation and progress made in the implementation of the Buenos Aires Plan of Action, the new directions strategy and the Nairobi outcome document. Despite the considerable progress to date, the contributions of South-South cooperation, especially in the context of the new, transformative sustainable development agenda, can still be maximized. The fortieth anniversary of the Buenos Aires Conference in 2018 could thus be an opportune moment for the international community to take stock of what has been achieved to

[1] Louise J. Cord, Leonardo Lucchetti and Carlos Rodriguez-Castelan, "Shifting gears to accelerate shared prosperity in Latin America and Caribbean" (Washington, D.C., World Bank, 2013).

date and decide how to take advantage of the opportunities that lie ahead in implementing the 2030 Agenda for Sustainable Development.

II. Global context and trends

5. In the decade preceding 2011, South-South trade rose from one fifth to approximately one fourth of world trade, about equal to North-North trade. Since then, it has remained at $5 trillion as North-South trade grew to 40 per cent of world trade by 2013 (see A/70/277, para. 3), with uneven benefits. The share of 48 least developed countries in world exports increased over the same period from 0.5 per cent to 1.1 per cent, an historic high.[2] Slowing Chinese demand for commodities has affected all emerging economies, however, but some sectors did well. Asia and Latin America were most responsible for the doubling in the value of world commercial services exports over the last decade: in 2014, it reached an unprecedented $4.9 trillion (ibid., para. 4).

6. As foreign direct investment (FDI) flows into the global South reached a new high of $741 billion in 2015[3] and developing Asia remained the world's largest recipient region with over $500 billion, emerging economies generated a record 36 per cent of global investment outflows in 2014, up from 12 per cent in 2007 (see A/70/311, para. 11). Over half of FDI outflows from developing countries in 2013-2014 were in equity, usually associated with greenfield investments,[4] and much of it was intensifying South-South economic relationships. That included developing-country corporations acquiring the assets of developed-country multinational enterprises in the South, investing almost $500 billion abroad in 2014, a 30 per cent increase from the previous year.[4]

7. Chinese, Indian and United Arab Emirates firms continue to be notable investors in Africa. The rise of these Southern investors has been a new factor underpinning FDI flows into Africa in recent years.[4] In terms of annual flow, Chinese FDI to Africa in 2013-2014 was reportedly 4.4 per cent of the total.[4] Meanwhile, greenfield investments in African manufacturing and services are increasing from China, India and South Africa to meet the rising local demand from a growing middle class. Chinese FDI to Africa also reflects the effort of manufacturing companies to shift production to lower-wage countries.

8. South-South cooperation is largely financed from developing-country resources (as enjoined in the Buenos Aires Plan of Action), and several mechanisms deepen South-South financial interactions, including currency swaps[5] and new banks.[6] Currency swap arrangements since 2013 include China-Brazil (CNY 190 billion/ BRL 60 billion); Republic of Korea-Malaysia (KRW 5 trillion/MYR 15 billion);

[2] World Trade Organization, *International Trade Statistics 2015* (Geneva, 2015).

[3] United Nations Conference on Trade and Development, *Global Investment Trends Monitor*, No. 22 (20 January 2016).

[4] *World Investment Report 2015: Reforming International Investment in Governance* (United Nations publication, Sales No. E.15.II.D.5).

[5] Currency swaps are agreements among countries to guard against external imbalances and shocks to their financial systems by pooling their own currencies for trade and investment.

[6] Sachin Chaturvedi, "Growing dynamism in South-South cooperation", in *Development Cooperation Report 2014: Mobilizing Resources for Sustainable Development* (Organization for Economic Cooperation and Development, Publishing, Paris, 2014).

Republic of Korea-United Arab Emirates (KRW 5.8 trillion/AED 20 billion); and Republic of Korea-Indonesia (KRW 10.7 trillion/IDR 115 trillion).[6] The Chiang Mai Initiative of the Association of Southeast Asian Nations (ASEAN), China, Japan and the Republic of Korea in the wake of the Asian financial crisis of 1997 is now double its initial $120 billion. India has listed 23 potential currency swap partners.[6] New banks are discussed later in the report.

9. International migrant remittances continue to outpace official development assistance (ODA) by a wide margin (except in least developed countries, where ODA constitutes 38 per cent of external finance (see A/70/277, box 1)). They were estimated at $436 billion in 2014 and projected at over $440 billion in 2015.[7] South-South migration accounted for 37 per cent of global migrant stock, larger than South-North migration at 35 per cent, and associated remittances represented 34 per cent of the total.[7] The Asia-Pacific region leads the South with $218 billion in remittances (plus revenues of $4 trillion and private savings of $6 trillion). India, China and the Philippines are the top recipients. Remittances to Africa have increased sixfold since 2000, and the current flow of over $60 billion is projected to grow in the next decade to $200 billion.[8]

10. A notable global trend that is positively affecting South-South cooperation is a rapid increase in connectivity within and among developing countries as a result of the spread of wireless networks. In 2015, developing countries had the majority of the world's 7.1 billion mobile phone subscriptions and two thirds of the 3.2 billion broadband Internet connections.[9] By 2014, all 193 United Nations Member States had national websites, 101 enabled citizens to create personal online accounts, 73 to file income taxes, and 60 to register a business.[10] This reflects a larger digital revolution that has opened the door to formerly unimaginable levels of South-South interaction.

11. A global trend having a very negative impact on South-South cooperation has been illicit financial outflows from developing countries. Global Financial Integrity[11] estimated that in 2013 (the latest figures), developing countries lost $1.1 trillion in illicit transfers mainly from mispricing of trade, tax evasion and organized crime operations. The loss was roughly 1.3 times the $858 billion in total FDI and 11.1 times the $99.3 billion in ODA in 2013. A 2015 Global Financial Integrity report put the total illicit transfers out of developing countries between 2004 and 2013 at $7.8 trillion. According to the Economic Commission for Latin America and the Caribbean (ECLAC), illicit transfers cost Latin America $154 billion in 2012, exceeding FDI of $129 billion; it was more than twice the $63 billion in remittances and 10 times the $10 billion in ODA to the region (see E/2015/15, para. 18). Owing to

[7] World Bank, Migration and Development Brief, No. 24 (April 2015).

[8] Abdalla Hamdok, ed., *Innovative Financing for the Economic Transformation of Africa* (Addis Ababa, Economic Commission for Africa, 2015), p. 27.

[9] In 2014, the Connect 2020 Agenda for Global Telecommunication/ICT Development, adopted by the 2014 Plenipotentiary Conference of the International Telecommunication Union, held in Busan from 20 October to 7 November 2014, set a minimum target of 50 per cent home Internet access for developing countries (15 per cent for least developed countries).

[10] World Bank, *World Development Report 2016: Digital Dividends* (Washington, D.C., 2016).

[11] Global Financial Integrity is an internationally recognized authority on illicit financial flows cited by the Group of 20, OECD, the Financial Action Task Force, the United Nations and regional intergovernmental bodies. Its analyses are based on published data from the World Bank and other official sources.

illicit transfers, Africa has been a net creditor to the rest of the world every year since 1983. Illicit transfers finance a wide range of criminal activities that constrain or block South-South cooperation. To combat them, developing countries have urged increased transparency in tax matters and curbs on anonymously owned shell companies.[12]

III. Developing countries

A. Africa

12. South-South and triangular partnerships are enhancing trade, investment, infrastructure development, industrialization and agricultural productivity in Africa. With approximately 15 per cent of the world's population, Africa accounts for only a little over 3 per cent of global trade. Over the past decade, much of that trade has been reoriented towards Southern partners. Brazil, China and India now account for a quarter of Africa's total exports, up from a little over 10 per cent in 2005. The European Union remains the top export market for Africa. China now takes more of African exports than the United States of America; India is in fourth place and Brazil in sixth place. Those three emerging economies now also account for nearly 22 per cent of Africa's imports of $501 billion, up from 13 per cent in 2005. Declining commodity prices cut the value of African exports by 3 per cent in 2014 and slowed the gross domestic product (GDP) growth rate of the region to 4.3 per cent in 2014 (from 5 per cent in 2013) (see A/70/278, para. 5).

13. While three quarters of all African merchandise exports to the rest of the world continue to be primary commodities (see E/ECA/CRCI/9/4, para. 1), intraregional trade has grown 11 per cent annually between 1999 and 2013, far outpacing the 4.4 per cent rise of GDP. Manufactured and intermediate goods constituted 35.5 per cent of intra-African trade in 2014, up from 33.8 per cent in 2010. Tourism and financial services have contributed the most to growth.[2] Tariff and non-tariff barriers to trade within African subregional groupings have fallen and intra-African exports grew by 50 per cent between 2010 and 2013 and by another 11.5 per cent in 2013 to $61.4 billion. However, that rapid growth was mainly within subregions. The African Development Bank reported that the share of exports between African subregions increased only from 11.3 per cent in 2012 to 12.8 per cent in 2013.[13]

14. Between 2007 and 2013, South Africa was the biggest African investor in the rest of the continent, with its stake growing annually at 44.2 per cent. Nigeria was also a significant investor in the rest of Africa, focusing mainly on the financial sector. In 2014, intra-African flows were some of the most significant sources of foreign investment in low-and-middle-income countries such as Burundi (79 per cent), Namibia (42 per cent), Rwanda (62 per cent), South Sudan (64 per cent) and Uganda (45 per cent). Growing consumer markets, improving business conditions and connectivity are driving intra-African investment in financial services, telecommunications, cement, food retail and energy.[13]

[12] Asia-Pacific countries have called for a regional tax forum. India and the United States of America are considering curbs on shell companies.

[13] African Development Bank, OECD and United Nations Development Programme, *African Economic Outlook 2015: Regional Development and Spatial Inclusion* (OECD Publishing, 2015).

15. In January 2014, the African Union adopted Agenda 2063, a 50-year vision mandated the previous year by the African Union Summit to commemorate the fiftieth anniversary of the Organization of African Unity/African Union. The Agenda identifies a number of flagship projects, including agreement on an African passport, "silencing the guns" by 2020 and a high-speed railroad. The first 10-year plan of action of Agenda 2063 was adopted in 2015. The stocktaking during the fiftieth anniversary highlighted another achievement of the Organization of African Unity/African Union: that 387 million sub-Saharan Africans lived in democratically ruled countries in 2013, as opposed to 2.5 million in 1970.

16. Negotiations on a continental free trade area in Africa began in June 2015 with the aim of concluding an agreement by the end of 2017. Several subregional initiatives in 2015 will facilitate that outcome. The weightiest is a Tripartite Free Trade Area Agreement signed by the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community. Also significant is the Common External Tariff launched by the Economic Community of West African States (ECOWAS) on 1 January 2015. Meanwhile, members of the Arab Maghreb Union have signed three out of the four protocols needed to create their own free trade area.

17. Following the adoption of the 2030 Agenda, the Economic Commission for Africa has been charged with launching a regional consultation process to establish a forum on sustainable development and defining its working parameters. The last two years have also seen efforts to reinvigorate action on the Comprehensive Africa Agriculture Development Programme and the Programme for Infrastructure Development in Africa. The former, launched in 2003 at Maputo, is a policy framework for agricultural transformation; in 2014, at Malabo, an African Union Summit marked its tenth anniversary by deciding to end hunger in Africa by 2025. To that end, 10 per cent of national budgets will go to the development of agriculture and a Comprehensive Africa Agriculture Development Programme Momentum Results Framework will help to monitor progress towards goals such as halving post-harvest losses, improved food security and increased resilience.

18. In East and Southern Africa, a North-South Corridor is envisaged, linking the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community Tripartite Free Trade Area. Other spatial development projects include the Maputo Development Corridor and the 8,000-km trans-Africa North-South Corridor linking Dar es Salaam in the United Republic of Tanzania to Durban in South Africa, the continent's biggest port. South-South Cooperation is laying the foundations for spatial inclusion and linkage on which the African Common Market will be built.

19. From the foregoing, it can be concluded that South-South cooperation is contributing to a more integrated Africa as envisaged in the objectives of the African Union and the New Partnership for Africa's Development.

B. Asia-Pacific

20. Coordinated trade promotion, the enhancement of regional integration and infrastructure development have been facets of South-South cooperation in the Asia and the Pacific region in the reporting period. In a region where South-South trade accounts for 54 per cent of total merchandise exports and 53 per cent of imports, up

in the last 15 years from 27 per cent and 34 per cent, respectively, subregional participation varies widely.[14] It is lowest in South Asia (6 per cent), Central Asia (7 per cent) and Pacific islands (7 per cent). The trade of those subregions with the rest of Asia is much larger, however, especially in the case of the Pacific region (63 per cent).[14] One third of Central and South Asian trade is with other Asian economies, and that is expected to increase as a result of coordinated trade promotion. Asia's largest intra-subregional trade is within ASEAN plus China, Japan and the Republic of Korea (45 per cent). ASEAN trade with the rest of Asia is 44 per cent of its total trade, but among its own members, the figure has remained below 25 per cent for several years.[14]

21. Two notable steps towards greater regional integration in Asia were the December 2015 proclamation of the 10-member economic community of ASEAN and the appointment of a permanent secretariat for the seven-member[15] Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. Since the Bay of Bengal Initiative includes members of both ASEAN and the South Asian Association for Regional Cooperation (SAARC), it would be an organic bridge between two groups with potentially enormous synergies. The appointment in 2015 of a Secretary-General of the Bay of Bengal Initiative has raised expectations of accelerated regional development; some 100 projects have been identified for priority action led by designated countries. At the same time, India has reached a ground-breaking oil agreement with the United Arab Emirates and is pursuing a free trade area with the Gulf Cooperation Council. On a wider Asian canvas, Chinese-initiated talks are continuing on a mega-trade pact, the Regional Comprehensive Economic Partnership of Asia-Pacific countries.

22. During the review period, in Asia, there were a number of South-South efforts reflected in infrastructure initiatives at various stages of preparation and implementation. They include the Central Asia Almaty-Bishkek highway partly financed by the Asian Development Bank, the Bangladesh-India Electrical Grid Interconnection Project funded by the two Governments, the Turkmenistan-Afghanistan-Pakistan-India Natural Gas Pipeline Project, the $500 million ASEAN Infrastructure Fund, and China's $40 billion Silk Road infrastructure fund. Over the period 2010-2020, remedying the infrastructure deficit of Asia-Pacific countries in energy, transport, telecommunications, water and sanitation will require approximately $8.22 trillion. "Over the same period, about $320 billion will be required for more than 1,200 regional infrastructure projects."[14] In Afghanistan and parts of West Asia, the recovery from years of armed conflict will impose a heavy additional charge. Members of the Economic and Social Commission for Western Asia have called for a feasibility study to establish an Arab bank for reconstruction and development to meet a financing gap of $3.6 trillion for the period 2015-2030 (E/2015/15, para. 25).

23. In a period dominated by horrific news about the travails of African and Syrian refugees, the largely positive story of migrants in the Asia-Pacific region has slipped under the radar of public attention. Of the estimated 231.5 million migrants in the world in 2013, over 95 million came from the Asia-Pacific region and over 59

[14] Asian Development Bank, *Asian Economic Integration Monitor: November 2014* (Mandaluyong City, Philippines, 2014).

[15] Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand.

million were in the region itself.[16] Predominantly a South-South phenomenon, the regional migrant flows are officially facilitated and regulated by Governments but managed by private agencies requiring improved regulation. It is notable that the concern expressed in the Buenos Aires Plan of Action about the brain drain from developing countries is now seldom voiced because experience has shown that highly skilled migrants create enduring beneficial linkages in both sending and receiving countries.[17]

24. Poverty reduction and other economic gains accruing from South-South cooperation in the Asia-Pacific region have considerable relevance for other regions in the context of the 2030 Agenda.

C. Latin America and the Caribbean

25. Against the backdrop of declining intraregional trade, the contribution of South-South cooperation in Latin America and the Caribbean has been more evident in the advancement of regional integration, infrastructure development, and coordination of policies on tourism and on the reduction of economic inequalities. Successive boom-bust cycles in commodity prices[18] pushed Latin America and the Caribbean exports into decline between 2013 and 2015 at a rate not experienced since the Great Depression.[19] In the first half of 2015, the value of Latin America and the Caribbean intraregional trade contracted by almost 20 per cent.

26. The Community of Latin American and Caribbean States (CELAC) held its second and third summits in 2014 (Cuba) and 2015 (Costa Rica). The CELAC 2014 summit discussed an agenda for developing the national resources of the region.[18] Meanwhile, an older summit process for continental integration, the Union of South American Nations, continued to progress towards a full-fledged economic community with a common currency, parliament and passport. In 2015, its Working Group on Financial Integration focused, inter alia, on innovative sources of financing for infrastructure development and a regional reserve system. A third top-level process, the Summit of the Americas that also involves Canada and the United States, convened its twentieth annual session in Panama, with Cuba present for the first time.

27. There have been reports about an official Chinese proposal for a transcontinental railway linking the Pacific coast of Peru to the Atlantic coast of Brazil. Meanwhile, implementation continues on the vast project[20] to link highways, waterways, power grids and telecommunications across the continent.

28. One of the prominent themes underlined during the fortieth anniversary celebrations of the Caribbean Community in 2013 was the need to better leverage

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[16] Economic and Social Commission for Asia and the Pacific and others, *Asia-Pacific Migration Report 2015: Migrants' Contributions to Development* (2016).

[17] Michael A. Clemens, "A case against taxes and quotas on high-skill emigration", Working Paper, No. 363 (Washington, D.C., Centre for Global Development, 2014).

[18] Economic Commission for Latin America and the Caribbean (ECLAC), "Natural resources: status and trends towards a regional development agenda in Latin America and the Caribbean", (Santiago, United Nations, 2013).

[19] *Latin America and the Caribbean in the World Economy: The Regional Trade Crisis — Assessment and Outlook* (United Nations publication, Sales No. E.15.II.G.5).

[20] Initiative for the Integration of the Regional Infrastructure of South America.

the benefits of being in one of the world's most heavily travelled seas and next door to the world's largest economy. A significant step in that direction was the 2015 announcement that China would build a $1.5 billion deep water container port on two of the small islands of Jamaica capable of accommodating mega ships coming through the newly expanded Panama Canal. A 67-km highway financed by China is under construction in Jamaica, with plans for hotels and housing development along its stretch.

29. China has been the region's top lender since 2010 and is the top export market for Brazil, the largest economy of the region. In 2013, the Nicaraguan National Assembly granted a 50-year concession to a private Hong Kong company to build and operate a new waterway paralleling the Panama Canal.

30. In recent years, Latin America has been the only region where the gap between rich and poor has narrowed despite its having had the highest levels of social equality in the South.[1] That success is due to a decade of rapid economic growth that reduced unemployment and credit also goes to social programmes innovated in Brazil to support families financially and with food aid. Brazil, Chile and Mexico led the way in spreading such programmes and related policies to other Latin American States and to other regions through South-South cooperation. The region aims to end hunger entirely by 2020.

31. Central American States have continued to grow despite the regional downturn because of international tourism (see A/70/215). Led by the Central American Integration System, they have succeeded in doubling international tourist arrivals since 2000 to almost 9 million in 2013 and tripling tourism revenues to $9 billion. The Central American Tourism Integration Secretariat is guiding sustainable development through cross-cutting programmes that promote biodiversity, cultural activity and heritage preservation. A notable regional initiative is to protect the Mesoamerican Reef, a natural, cultural and economic asset of inestimable value.

D. Interregional cooperation

32. Interregional summit meetings to set strategies and agendas, enhance policy coordination and launch joint initiatives have been the most visible form of South-South cooperation. The review period saw the sixtieth anniversary of the 1955 Africa-Asia Conference at Bandung, Indonesia, and the fiftieth anniversary of the Group of 77. At the Bandung commemoration, Indonesia announced a permanent Africa-Asia Centre to strategize about what is now the most energetic bicontinental interaction. Other significant summit processes included the third triennial Summit of South American-Arab Countries[21] meeting in November 2015 marking the gathering of the sending and receiving regions of the world's largest Middle Eastern diaspora; their trade has grown from $6 billion to $33 billion in a decade. The Third Africa-South America Summit, in February 2013 (to be followed by one in 2016), called for curbs on tax havens and approved 27 joint projects in diverse fields. The latest Latin America-China, Africa-China and Africa-India summits set strategy for multi-billion-dollar relationships. The China-Latin America and the Caribbean summit in 2014 discussed how to increase trade to $500 billion annually and projected a rise of Chinese investment stock in Latin America to $250 billion in ten

[21] Engaging 22 members of the Arab League and 12 members of Union of South American Nations.

years. The Africa-China meeting signalled an investment strategy shift mirroring declining Chinese demand for African commodities (except timber[22]) and reorientation towards $60 billion in loans and grants for infrastructure development, technical cooperation and capacity-building. The Africa-India summit set support for the New Partnership for Africa's Development over the period 2016-2020 and continued rapid increase in mutual trade (growing 32 per cent in recent years[23]) estimated at $90 billion in 2015. An interregional trade pact, the Trans-Pacific Partnership, was agreed to in October 2015 by 12 countries.

33. During the period covered by the present report, South-South processes drove preparations for two major United Nations conferences: the third International Conference on Small Island Developing States[24] (September 2014) and the Second United Nations Conference on Landlocked Developing Countries (November 2014). The former adopted the Small Island Developing States Accelerated Modalities of Action (Samoa Pathway); the latter resulted in the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024. A third South-South-driven process will culminate in the May 2016 Mid-Term Review[25] of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020.

34. The five BRICS countries (Brazil, Russia, India, China and South Africa) established the New Development Bank that became operational in 2015. The group also initiated action to eliminate by 2020 the so-called "neglected tropical diseases" such as lymphatic filariasis, intestinal worms, blinding parasites, blood flukes and others endemic in about 150 countries and affecting 1 in 6 persons worldwide.

35. Interregional collaborative frameworks have become key means of bolstering South-South trade and investment and other exchanges relevant to the implementation of the Sustainable Development Goals.

IV. Developed countries

36. Triangular cooperation has provided opportunities for Northern and Southern partners to jointly address shared global challenges such as migration, piracy, terrorism and drug trafficking. The review period also saw a number of high-level triangular dialogues and initiatives. The fourth European Union-Africa Summit (April 2014) on their strategic relationship was followed by an emergency summit (November 2015) that established a €1.8 billion Emergency Trust Fund for Africa to deal with the flight of African refugees across the Mediterranean. The first United States-Africa Leaders Summit (August 2014) covered both socioeconomic and military aspects of development, the latter encompassing training, building defence capacity and operations against pirates, terrorist forces and drug traffickers. The annual Ibero-American Summits of 2014 and 2015 engaged Portugal and Spain in a continuing dialogue on matters of common interest with 19 Ibero-American States.

[22] China is now the largest importer of African timber, according to the World Resources Institute.

[23] Confederation of Indian Industry and World Trade Organization, "India-Africa: South-South – trade and investment for development" (2013).

[24] *Report of the third International Conference on Small Island Developing States, Apia, Samoa, 1-4 September 2014* (A/CONF.223/10).

[25] General Assembly resolution 69/231.

37. In the context of continuing problems of varying donor definitions of and conditions for traditional ODA, there has been growing interest in triangular cooperation, a modality fostered by the first Tokyo International Conference on African Development convened by Japan in 1993 in response to the steep decline in development aid. Since then, the summits have been held every five years, attended by many donor countries and operational aid agencies. In 2013, the fifth Tokyo International Conference on African Development drew 41 African leaders, major donor countries and 45 international agencies. The proliferation of triangular cooperation initiatives in other regions of the South has attracted growing analytical attention. In 2014, at the First High-level Meeting of the Global Partnership for Effective Development Cooperation, Mexico and Indonesia led discussions on South-South and triangular cooperation in knowledge-sharing. In 2015, the Ibero-American Programme for Strengthening South-South Cooperation published the first Guidelines for Triangular Cooperation. Driving the effort to define triangular cooperation is the expectation that it will be of increasing relevance to the development agenda.

38. A key quality of triangular cooperation is national ownership and a focus on the high-priority problems identified by developing countries. This characteristic is amply evident in the diversified portfolio of the Japan International Cooperation Agency as it partners with Brazil, Egypt, Mexico, Morocco and Tunisia to assist other developing countries with agriculture and food security challenges; with Malaysia to upgrade ASEAN connectivity and maritime security; and with Cambodia on demining activities.

39. The United States Agency for International Development (USAID), the world's largest development aid programme, has specialized in leveraging public-private partnerships to maximize scale and impact, engaging more than 3,500 private-sector partners and raising more than $20 billion. For example, the New Alliance for Food Security and Nutrition aims to raise 50 million people out of poverty over 10 years by matching African governance reforms with some $8 billion in financial and technical commitments; it has helped to create nearly 37,000 jobs to date and reached over 3 million small farmers. The Power Africa programme partners with governments, the private sector and other stakeholders to increase electricity production. In Asia, USAID is leveraging Indian and Indonesian expertise to address a range of development issues.

40. Aid for trade, an important element in triangular cooperation, is strongly featured in the outcome of the 2014 European Union-Africa summit. The United Kingdom of Great Britain and Northern Ireland is supporting the South East Asia Economic and Trade Policy Network, a Singapore-based regional intellectual property resource promoting economic reforms, boosting growth and increasing cross-border trade and investment. Security is another strong element of the 2014 European Union-Africa summit outcome and the European Union-ECOWAS political dialogue in November 2014. Another strong element of triangular cooperation is environmental cooperation, as exemplified by the German role in supporting the initiative of the Central American Commission on Environment and Development to build compensatory mechanisms for deforestation and forest degradation. In 2015, Indonesia signed an agreement with Norway to continue and broaden their joint support of the high-priority areas of law enforcement, women's empowerment and inclusive education in Afghanistan.

41. The foregoing discussion indicates that the implementation of the universal 2030 Agenda would greatly benefit from triangular cooperation by galvanizing the efforts of the North and the South around shared development objectives.

V. United Nations system

42. In meeting the growing demand for South-South cooperation, organizations of the United Nations system have undertaken numerous wide-ranging South-South cooperation activities during the reporting period. The following paragraphs present illustrative rather than exhaustive examples of the activities that United Nations organizations are supporting during the implementation of the strategic plans that they rolled out in 2014 in response to General Assembly resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (see A/71/63).

43. Many United Nations entities have reoriented their South-South cooperation strategies, policies and activities in compliance with that resolution, with 23 of 25 organizations surveyed in 2015 integrating the modality into their strategic plans, and 20 of 25 reporting on it in their annual reports (ibid.). Thirteen agencies have staff fully or partly dedicated to South-South cooperation. The United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO), the World Intellectual Property Organization and the International Labour Organization had undertaken evaluations and assessments of their South-South cooperation programming policies and strategies (see A/69/153).

44. The UNDP Strategic Plan for the period 2014-2017 is founded on the UNDP system-wide coordination function and the breadth of its country and programme reach, which facilitate the application of South-South cooperation at the country level. UNDP operational support ranges from South-South cooperation capacity-building (in collaboration with Egypt, Indonesia, Iraq, Mexico and Turkey) and regional action through ASEAN, South Asian Association for Regional Cooperation, ECOWAS and the Intergovernmental Authority on Development to interregional projects such as the "100 Think Tanks Initiative". The United Nations Environment Programme (UNEP) is another leader, with South-South cooperation fully integrated into its work as an essential cross-cutting mechanism in building national capacities. Similarly, the World Food Programme Strategic Plan 2014-2017 makes South-South cooperation and triangular cooperation implementation tools for programming and strengthening country and community capacity to build food self-sufficiency, food security and safety nets. The United Nations Population Fund established a new South-South Project in 2015 and is preparing a new corporate plan. The United Nations Special Programme for the Economies of Central Asia, jointly managed by the Economic Commission for Europe (ECE) and the Economic and Social Commission for Asia and the Pacific (ESCAP), serves as a platform for regional policy dialogue, exchange of best practices, and capacity-building for economic and environmental cooperation among Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. United Nations Volunteers has a strategic framework 2014-2017 covering the engagement of thousands of professional volunteers drawn overwhelmingly from the global South and facilitating South-South sharing of skills and experiences. South-South cooperation is also a key principle of the United Nations Volunteers Partnerships Strategy 2014-2017.

45. Every entity in the United Nations system is a South-South and triangular cooperation hub for information-sharing. Among the most focused are the World Bank on-line South-South Knowledge Exchange; the World Intellectual Property Organization Development Agenda database offering news of cooperation initiatives, matchmaking information and links to free or low-cost access to over 20,000 journals, books and reference works; the ECLAC Statistical Conference of the Americas that is working on the "quantification of South-South cooperation";[26] and the United Nations Educational, Scientific and Cultural Organization new Learning Portal with some 1,200 links to help teachers and administrators to improve learning oriented to the 2030 Agenda. The UNDP Asian Solutions Exchange Network and Global Knowledge Facility share information and lessons learned. The Caribbean Risk Management Initiative engages islands in the Caribbean and the Asia-Pacific region in knowledge exchanges on climate-related events. FAO is a hub of knowledge-sharing on South-South and triangular cooperation through a dedicated unit at headquarters and its regional representations. Its large portfolio of ongoing projects and activities includes meetings, study tours, conferences, publications, databases and web platforms. FAO also sets standards for agricultural development; a current example is the collaboration with Morocco to define agricultural adaptation and resilience to climate events.

46. The annual United Nations system Expos organized by the United Nations Office for South-South Cooperation in collaboration with various organizations to disseminate thematic and organizational information have been venues for a multifaceted dialogue on South-South cooperation strategies and programmes. In 2014, the annual Global South-South Development Expo was in Washington, D.C., hosted by the Organization of American States; the same year, Qatar hosted a regional South-South Development Expo. In 2015, Jakarta hosted an Expo on the occasion of the sixtieth anniversary of the Africa-Asia Bandung Conference, and a high-level South-South multi-stakeholder strategy forum was held in Macao, China.

47. Although a few of the agencies that responded to a questionnaire from the United Nations Office for South-South Cooperation cited the resources that they committed to South-South cooperation, it is impossible to quantify the system-wide support for South-South cooperation because current budgetary and reporting arrangements do not permit systematic collection and analysis of information. The International Labour Organization reported that $1.7 million per biennium is devoted to South-South and triangular cooperation activities. UNEP lacks a dedicated budget but has established various Southern trust funds (e.g., the UNEP-China Trust Fund and the Brazil Trust Fund) through which various sustainable development-related South-South cooperation projects are implemented. ECE relies on extrabudgetary and other resources. In UNDP, although financial figures are not available yet, as of 2015, South-South and triangular cooperation had been mainstreamed in 16 per cent of the programmes. One indication of such cooperation is the contributions of developing countries to United Nations system operational activities. Excluding local resources, they amounted to approximately $683 million in 2013, with about 57 per cent of that coming in the form of core resources; in addition, developing countries contributed some $1.3 billion in non-core local resources (see A/70/62-E/2015/4).

[26] South-South cooperation resolution 688 (XXXV), adopted at its thirty-fifth session in Lima, from 5 to 9 May 2014.

48. Most specialized-agency research activities are built into partnership networks. The World Health Organization works through a network of over 800 collaborating institutions to monitor and share information. UNEP has cutting-edge analytical capacities exemplified by its 2014 study on South-South trade in renewable energy.[27] It mobilizes knowledge to build the resilience of vulnerable communities, ecosystems and economies through the Global Adaptation Network with four regional networks in Asia-Pacific, Latin America and the Caribbean, West Asia and Africa. The long-standing partnership programmes of FAO with over 50 countries have developed a clear South-South cooperation orientation in recent years with guidance from its Strategic Framework and Medium-Term Plan.

49. The World Food Programme is developing a corporate partnership strategy incorporating South-South and triangular cooperation. The United Nations Educational, Scientific and Cultural Organization has supported BRICS countries in developing collaborative strategies to improve access to high-quality education for their citizens so as to help to avoid the risk of the middle-income trap. The International Trade Centre works with emerging economies, such as Brazil, China, India and Turkey, to promote value-added trade, investment and technology transfer among these markets and other developing countries. The International Trade Centre aims to increasingly assist firms from lower-income countries to integrate into value chains led by emerging-market enterprises.

50. The regional commissions are increasingly involved in South-South cooperation supporting environmental adaptation and increased resilience in the face of severe climatic events. ESCAP hosted a joint session of the Panel on Tropical Cyclones and the Typhoon Committee in 2015 that heightened cooperation in sharing meteorological satellite data and advanced modelling. In tandem, ESCAP strengthened regional cooperation platforms to give countries access to innovative technologies, especially space applications for effective disaster risk reduction and sustainable development.

51. In a move to strengthen the formal inter-agency mechanism[28] for cooperation and coordination within the United Nations system, the Administrator of UNDP, as chair of the United Nations Development Group, established the South-South and Triangular Cooperation Task Team in 2015. Agencies were asked to designate representational focal points to the Task Team.[29]

52. South-South cooperation was included among the means of implementation of the 2030 Agenda, particularly with regard to capacity development and the application of science, technology and innovation to development. The Technology Facilitation Mechanism was established in 2015 to facilitate sustainable capacity-building and technical assistance for technology development and transfer in developing countries.

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[27] United Nations Environment Programme, "South-South trade in renewable energy: a trade flow analysis of selected environmental goods" (2014).

[28] This was in response to decision 18/1 of the High-level Committee on South-South Cooperation taken in 2014 and General Assembly resolution 69/239.

[29] For more information on the United Nations Development Group South-South and Triangular Cooperation Task Team, see reports SSC/18/IM/1 and SSC/19/2.

VI. Civil society and the private sector

53. South-South cooperation on social and environmental issues increasingly involves civil society organizations and the private sector accounts for the growing flows of South-South trade and investment that are critical to advancing poverty reduction, job creation and other development aims. An example of a civil society organization engaging in South-South cooperation to promote holistic social change is BRAC (formerly the Bangladesh Rural Advancement Committee). It works in a dozen developing countries, spreading the use of microloans, education, health services, environmental adaptability and human rights education.[6] A range of Brazilian civil society organizations and public national institutions are using domestic experience in promoting social change to benefit other developing countries.[6] In the wake of the first Global African Diaspora Summit (South Africa, May 2012), initiatives to create a volunteer corps, a skills database, an institute for remittances, an investment fund and a development marketplace are under way.

54. The challenge of averting climate change has created new civil society organization alliances and initiatives, including philanthropic organizations founded by very wealthy individuals that go beyond traditional grant-making. An example is the Breakthrough Energy Coalition announced in 2015 at the twenty-first session of the Conference of the Parties to the Kyoto Protocol. Backed by a group of more than 20 philanthropists led by Bill Gates, it will partner with governments on Mission Innovation to drive investments in research on clean energy. Also at the twenty-first Conference of the Parties, France and India announced the Solar Alliance, a framework to engage the public, private and civil society organization resources of 120 countries to develop the use of solar energy.

55. Private-sector investment flows to developing countries totalled over $700 billion in 2014, 4 per cent higher than in 2013. FDI into the South now represents 56 per cent of global flows. It constitutes the largest component of financial flows into the South, double the level of migrant remittances, but is highly concentrated in a handful of countries. In 2013, over 45 per cent went to the five BRICS countries. China became the world's largest recipient of FDI in 2014. Flows to Africa increased in the last decade, from $18 billion gross in 2003 to $57 billion in 2013,[30] but remain concentrated in several countries.

56. Corporations are primarily responsible for the regional and interregional trade and investment flows that have powered developing-country economic growth. They have also led in technology transfers to and among developing countries. Examples are Chinese companies Huawei and Xiaomi investing in research and development and manufacturing facilities in India; the Indian conglomerate Tata Group with a presence in 20 African countries planning to grow its business 30 per cent a year in multiple sectors; and Dangote Cement of Nigeria, the largest cement producer in Africa, that opened new production plants in Cameroon, Ethiopia, the United Republic of Tanzania and Zambia in 2015. Others are Johannesburg-based Absa Bank that has been buying up the African business of its parent, Barclays, and has a presence in 12 countries, including Ghana, Kenya and Uganda, as well as its competitors in South Africa, First Rand and Nedbank, that have stakes in Universal Merchant Bank in Ghana and Ecobank, respectively, the latter with branches in 35

[30] *World Investment Report 2014: Investing in the SDGs — An Action Plan* (United Nations publication, Sales No. E.14.II.D.1).

African countries. In Latin America, there is Embraer of Brazil, the world's third largest aerospace company, an important supplier of medium-haul commercial aircraft on five continents.

VII. Challenges and opportunities

57. Developing countries have addressed many of the institutional constraints to South-South cooperation noted in the Buenos Aires Plan of Action but the all-important issue of strategic coherence and direction highlighted by the 2011 Joint Inspection Unit report on South-South cooperation remain, as do important political and security challenges that include terrorism, illicit trade in drugs and arms, armed insurrections and civil wars. In 2015, an unprecedented 60 million people in the South had fled their homes[31] because of armed conflict. The money-laundering system of tax havens and shell companies responsible for the illicit financial transfers out of developing countries is also a major economic constraint.[8]

58. Inadequate finance continues to be a major constraint, not least because it prevents construction of basic transport and communications infrastructure, among other pressing needs. On a positive note, in 2015, China announced that it would make available $3.1 billion for the establishment of the China South-South Climate Cooperation Fund to support developing countries in addressing climate-change challenges. In addition, it said that it would provide $2 billion to assist developing countries towards the implementation of the 2030 Agenda. China also committed to raising its investments in least developed countries to $12 billion by 2030. The New Development Bank and the Asian Infrastructure Investment Bank, each with $100 billion in authorized capital, also offer new opportunities for South-South cooperation but are unlikely to meet the totality of the demand.

59. Commitments have also been made by Southern entities, such as the African, Caribbean and Pacific Group of States, the Organization of Islamic Countries and the Islamic Development Bank to support the activities of the United Nations Office for South-South Cooperation.

60. Inadequate information supportive of South-South cooperation continues to be a major constraint, with much data concentrated on a few websites: those of the United Nations Office for South-South Cooperation, UNCTAD, the regional commissions and the African, Asian and Inter-American Development Banks. However, most United Nations agencies, funds and programmes are beginning to provide information on their engagement in South-South cooperation. The Organization for Economic Cooperation and Development (OECD) and a number of developed countries have become sources of analytical and project-level information on South-South cooperation and triangular cooperation.

61. Information on civil society organization and private-sector involvement in South-South interactions has increased in recent years but is generally inadequate. Mass media attention is focused predominantly on corporations and emerging market trends, not development. Analysts in developing countries have no adequate systems to use available market information effectively. The creation of the Network of Southern Think-tanks (NeST) in 2014 was an important remedial step.

[31] Office of the United Nations High Commissioner for Refugees, *Global Trends* report 2015 (forthcoming).

In 2015, South African organizations established the first national chapter of the Network; if replicated widely in other developing countries, this could integrate existing expert networks and lay the foundation for an interactive web of global connectivity supporting South-South cooperation.

62. The primary constraints on the effective application of South-South cooperation by the United Nations system are inadequate dedicated human and financial resources coupled with a limited capacity to leverage the global presence of the United Nations development system through the effective mapping, dissemination and application of proven development solutions. A possible solution must look to using information and communications technology to integrate and pattern big data in order to set strategy and policy in an interactive matrix while leaving implementation decentralized and responsive to local needs.

VIII. Recommendations

63. There have been broad and significant advances towards the institutional and capacity-building goals of the Buenos Aires Plan of Action, the new directions strategy and the Nairobi outcome document. Since the findings in the present report reaffirm that South-South and triangular alliances currently form an important complementary part of the global partnership for sustainable development, members of the United Nations system should, within their respective competencies and mandates, accelerate support to specific aspects of South-South cooperation that have the greatest potential to contribute to meeting various targets of the Sustainable Development Goals. Measures to harness South-South cooperation to this end would, inter alia, require:

(a) Strategic action on the part of South-South and triangular partnerships to meet the transnational challenges of climate change, energy, health and food deficits by, among other things, making optimal use of the new information and communication technologies to bridge knowledge gaps and to build broad awareness of remedial policies and technologies that should be widely shared across the South through the Technology Facilitation Mechanism;

(b) Effective implementation of the increasing number of subregional, regional and interregional South-South frameworks, particularly those focused on strategic initiatives such as the provision of transport, communication, and energy infrastructure, as well as coordinated policies to bolster agricultural productivity, flows of South-South trade, investment and technology transfer in addition to the application of science, technology and innovation to development, including the acceleration of industrialization in Africa;

(c) Establishment or strengthening of institutions to improve access to essential goods and services in the global South through robust South-South and triangular coalitions, as exemplified by the recent launch of the New Development Bank, the Asian Infrastructure Investment Bank and similar entities that should complement existing institutional arrangements to help meet various targets of the Sustainable Development Goals;

(d) Identification of challenges particular to the developing world and taking of remedial collective action to address them via South-South alliances, such as the

efforts of BRICS countries to concertedly address neglected or communicable diseases and to improve access to high-quality education;

(e) South-South peer learning advanced through effective mapping and sharing of Southern development solutions such as the policies that have proven to work in reducing poverty and socioeconomic inequalities;

(f) Periodic assessment of the development impact of South-South cooperation and the setting of its future direction that should be publicized at key milestones, such as the fortieth anniversary of the adoption of the Buenos Aires Plan of Action in 2018.